

PRESS RELEASE

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MORE THAN \$9.3 MILLION RECOVERED IN OFFSHORE SPORTS BETTING CASE

LARGEST AMOUNT OF FINES AND FORFEITURE EVER COLLECTED BY THE U.S. ATTORNEY'S OFFICE FOR THE WESTERN DISTRICT OF WISCONSIN

Madison, Wisconsin -- Stephen P. Sinnott, United States Attorney for the Western District of Wisconsin, announced today the final collection of the largest amount of fines and forfeitures ever imposed in the Western District of Wisconsin. In total, the U.S. Attorney's Office for the Western District of Wisconsin collected \$9,318,149.67 from one investigation. This amount consisted of fines of \$1,594,915.20; forfeitures of \$6,293,669.47; and back income taxes of \$1,429,565.

The collection of these monies caps an eight-year effort by federal authorities to investigate, prosecute, and collect fines, forfeitures and taxes resulting from the operation of an offshore sports betting operation located in Curacao; Las Vegas, Nevada; and Nelsonville, Wisconsin. To date, seven men have been convicted of felony offenses, ranging from conspiracy, racketeering, money laundering, and offshore bookmaking.

Background

The investigation began in 1998 into an offshore sports book called Gold Medal Sports located in the country of Curacao. Gold Medal Sports took sports wagers from customers in the United States over the telephone lines and the Internet. Gold Medal Sports handled phone and Internet sports bets from U.S. customers in excess of \$33 million for 1996, \$167 million for 1997, \$119 million for 1998, \$78 million in 1999, and \$5.7 million in the first quarter of 2000.

Gold Medal's owners, Duane Pedo and Jeff D'Ambrosia, had Gold Medal Sports mail brochures to U.S. residents advertising its sports book services and soliciting U.S. residents to place sports wagers over the phone from the United States to Curacao. The publishing of these brochures was done by a publishing company also owned by Pedo and D'Ambrosia in Nelsonville, Wisconsin.

On February 26, 2002, Chief U.S. District Judge Barbara B. Crabb sentenced Gold Medal Sports for racketeering, and imposed a forfeiture of \$3,528,617.47. Judge Crabb also sentenced Pedo and D'Ambrosia for filing false U.S. Individual Income Tax Returns, and operating an offshore sports book, in violation of the federal Wire Wagering Act. Pedo and D'Ambrosia each received a prison term of five years. They also paid fines of \$100,000 each, and paid back taxes totaling \$1,429,565.

In imposing the above sentences upon gold Medal Sports, Pedo and D'Ambrosia, Judge Crabb noted the kind of crimes involved in this case -- taxes and offshore sports betting -- are very different, and are crimes that can be deterred. Judge Crabb explained

that people who engage in this type of criminal activity do so after making a calculated decision of the risks and rewards. By imposing a severe sentence in this case, Judge Crabb stated, she hoped to send a message to the community that the United States takes these crimes seriously, and that the Court will impose significant sentences on those who are caught and convicted.

Also convicted in this case was Randy Moreau, the accountant for Gold Medal Sports. Judge Crabb sentenced Moreau in February 2002 to probation and a fine of \$20,000. In April 2002, Jeff D'Ambrosia's accountant, Francis Howard, also was convicted of violating the Wire Wagering Act, and received a sentence of probation and a fine of \$20,000 from Judge Crabb.

In July 2002, Duane Pede's lawyer, Bruce Meagher, was convicted of violating the Wire Wagering Act and sentenced to one month of prison, six months of home confinement, and a fine of \$20,000 from Judge Crabb. At his sentencing, Judge Crabb admonished Meagher for his role in the offense, noting that as a lawyer he had a duty to his client and to himself to check out the legality of Gold Medal's operation. Judge Crabb also noted that once Meagher learned of Gold Medal's illegality, he should have put a stop to the matter, rather than help increase its profits.

In June 2003, Gold Medal's lawyer, David Tedder, was convicted of conspiracy to violate the Wire Wagering Act and conspiracy to launder over \$10 million in gambling profits. In the first conspiracy count, the government proved that Tedder helped Gold Medal by: (1) getting around a ban on gamblers sending money to Gold

Medal via Western Union; (2) creating shell corporations to hide Gold Medal's ownership interest in other business entities; (3) setting up offshore bank accounts in the Bahamas using fake names, including "Corpus Harem;" (4) moving Gold Medal profits from banks in the United States to offshore accounts beyond the reach of U.S. laws; (5) creating three layers of shell corporations to insulate Jeff D'Ambrosia's ownership interest in Gold Medal; and (6) pitching Gold Medal's owners to invest millions in Tedder-run banks and investments.

In the second count, the government proved that Tedder laundered over \$10 million in gambling money by: (1) moving over \$4 million in Gold Medal profits from accounts in the United States to accounts in the Bahamas; (2) convincing Gold Medal owner, Duane Pede, to invest \$1.2 million of Gold Medal profits in an offshore bank owned by Tedder called Mariner's International Bank ("MIB") located in St. Vincent & the Grenadines; (3) helping Pede spend Gold Medal profits, including the purchase of a \$200,000 cottage in northern Wisconsin; (4) helping Gold Medal owner Jeff D'Ambrosia spend Gold Medal profits, including the funding and creation of a sports management agency in Las Vegas, Nevada; and (5) helping D'Ambrosia move \$3.5 million in Gold Medal profits from a Merrill Lynch account in the United States to Tedder's MIB offshore bank after the NFL sued D'Ambrosia in early 2000 over a false advertisement in the USA Today newspaper.

The Final Recovery of Fines and Forfeitures

In August 2003, Judge Crabb sentenced Tedder to five years in prison, a fine of

\$1,060,140.32, and forfeiture of \$2,765,052 in illegal proceeds. Tedder refused to pay the fine or forfeiture. As a result, the Criminal Division and the Financial Litigation Unit of the U.S. Attorney's Office for the Western District of Wisconsin began a three-year effort to collect the fine and forfeiture through numerous enforcement mechanisms provided by federal statute. Today caps the final receipt of the entire amount of the fine (with interest of \$9,369.98 and a late payment penalty of \$265,405), and the forfeiture.

United States Attorney Sinnott praised the cooperative efforts of the prosecutors and law enforcement agents in dismantling this large-scale international criminal enterprise, saying "The dogged determination of a few dedicated people in this complex investigation, overcame many hurdles and roadblocks, created by Gold Medal, its owners, accountants and lawyers."

Sinnott added, "Bettors also need to know that it is against the law to place sports bets over the phone or the Internet with offshore sports books."

The cases against Gold Medal Sports, Pede, D'Ambrosia, Meagher, Howard, Moreau and Tedder are the result of an investigation conducted by the Internal Revenue Service-Criminal Investigation Division, the Federal Bureau of Investigation, the U.S. Postal Inspection Service, and the Wisconsin Department of Justice, Division of Criminal Investigation-Gaming Enforcement Bureau. The case was handled by Assistant U.S. Attorneys Daniel J. Graber, Timothy O'Shea, and Heidi L. Luehring.

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